

Muzak Holdings LLC
Key Employee Incentive Plan
(Effective as of January 1, 2009)

1. Purpose. Muzak Holdings LLC (the "Company") Key Employee Plan (the "Plan") is designed to motivate eligible key employees of the Company and its subsidiaries and to reward them for their contribution to the success of the Company and its subsidiaries. This Plan is intended to induce such employees to maximize their contribution to greater profitability and efficient utilization of capital while developing a highly competent workforce that will focus on delivering the maximum potential EBITDAR and remain in the employ of the Company and its subsidiaries, particularly during the current restructuring of the Company and its subsidiaries.
2. Adoption of the Plan. The Company, intending to be legally bound, hereby adopts this Plan effective as of January 1, 2009. The Plan shall be in effect from January 1, 2009 and shall terminate on or after December 31, 2009 as determined by the Company's Board of Directors (the "Board"), unless earlier terminated by the Board (such period from January 1, 2009 through the date the Plan is terminated, the "Term of the Plan").
3. Definitions. For purposes of this Plan:
 - (a) "Administrator" shall mean the Board or a committee appointed by the Board.
 - (b) "Cause" shall mean (i) a material breach by the Participant of any material provision of his or her Employment Agreement which breach has not been cured within ten (10) days after written notice to the Participant, (ii) the Participant's violation in any material respect of a written directive of the Board or the CEO, or (iii) the Participant's violation of a material Company policy.
 - (c) "Creditors' Committee" shall mean the Company's statutory committee of unsecured creditors appointed in its chapter 11 cases.
 - (d) "Consolidated EBITDAR Target" for each Performance Period ending on or before the end of the Term of the Plan shall be the applicable budgeted amount of Consolidated EBITDAR as set forth on Schedule A. The Administrator shall equitably adjust each Consolidated EBITDAR Target to reflect acquisitions or dispositions of assets of the Company and/or its subsidiaries during the Term of the Plan.
 - (e) "Consolidated EBITDAR" shall mean, in respect of each Performance Period ending on or before the end of the Term of the Plan Year, the Company's consolidated net income (after taking into account all bonuses payable to employees of the Company and its subsidiaries other than those bonuses payable pursuant to this Plan) before deduction for interest expense, income tax expense, depreciation expense, amortization expense and restructuring costs (which costs include professional fees, expenses and costs associated with Company's chapter 11 case, as well as any other restructuring costs as agreed to with the Creditors' Committee), and excluding for purposes of this calculation extraordinary gains or losses, as determined in accordance with U.S. generally accepted accounting principles. Consolidated EBITDAR shall be calculated on a basis consistent with the historical accounting practices and audited financial records of the Company and its subsidiaries.
 - (f) "Incentive Bonus" shall mean, in the case of any Participant, the bonus payable to such Participant for a Performance Period during the Term of the Plan as determined pursuant to Section 6 below.
 - (g) "Participant" shall have the meaning ascribed thereto in Section 4 hereof.

- (h) "Performance Period" shall mean the 2009 calendar year. Additional performance periods shall be designated by the Board if the Board determines that the Term of the Plan shall continue beyond December 31, 2009.
 - (i) "Person" shall mean any individual, corporation, limited liability company, partnership, firm, joint venture, associate, joint-stock company, trust, unincorporated organization, or other entity.
4. Eligible Participants and Participation Date. The individuals (each, a "Participant") who are eligible to participate in this Plan are set forth on Schedule A hereto; provided, however, the Board shall be authorized to supplement Schedule A with additional individuals from time to time, including the addition of individuals who become employees of the Company and/or any of its subsidiaries following the effective date of the Plan.
5. Term of Participation. Subject to the provisions of this Plan, each Participant shall be eligible to earn an Incentive Bonus for each Performance Period ending during the Term of the Plan.
6. Determination of the Incentive Bonus.
- (a) The Plan shall award Participants, on the terms and conditions set forth herein, an Incentive Bonus for a Performance Period ending on or before the end of the Term of the Plan based on the degree to which the applicable Consolidated EBITDAR Target for such Performance Period are attained. Schedule A sets forth each Participant's threshold and target Incentive Bonus and the applicable Consolidated EBITDAR Target for such bonus at such levels. A Participant shall earn an Incentive Bonus if, and only if, the Company's Consolidated EBITDAR for a particular Performance Period equals or exceeds the Consolidated EBITDAR target for such Participant's threshold Incentive Bonus. If the Company's Consolidated EBITDAR for a particular Performance Period falls between the threshold and target levels, the Participant's Incentive Bonus shall be determined by linear interpolation between the applicable amounts.
 - (b) Payment of the applicable amount of a Participant's Incentive Bonus in respect of any applicable Performance Period shall be made in a cash lump sum promptly after the Company's Consolidated EBITDAR for such Performance Period has been certified by the Administrator, which shall in any event occur within 60 days of the end of such Performance Period.
7. Termination of Employment. Each Participant shall have a right to an Incentive Bonus only if such Participant is employed by the Company or any of its subsidiaries on the last day of the applicable Performance Period; provided, however, a Participant shall be entitled to a pro-rata Incentive Bonus for the Performance Period (based on the number of days the Participant was employed during the applicable Performance Period) for the Performance Period during which such termination of employment occurs in the event the Company and its subsidiaries terminates the Participant's employment for a reason other than (i) Cause or (ii) due to Participant's death or disability, such pro-rata Incentive Bonus to be (A) calculated based upon the Company's performance through the date of such termination and extrapolated through the end of the Performance Period and (b) paid within 60 days of such termination of employment.
8. Chapter 11 Emergence. In the event the Company emerges from its Chapter 11 reorganization proceeding instituted pursuant to the United States Bankruptcy Code during a Performance Period, each Participant will be entitled to a pro-rata Incentive Bonus in respect of such

Performance Period, such pro-rata Incentive Bonus to be (A) calculated based upon the Company's performance through the date of such emergence to be calculated based upon the Company's performance through the date of such emergence and extrapolated through the end of the Performance Period and (B) paid within 60 days of the Company's emergence from its Chapter 11 bankruptcy.

9. Plan Administration. This Plan shall be administered by the Administrator. The Administrator is given full authority and discretion within the limits of this Plan to establish such administrative measures as may be necessary to administer and attain the objectives of this Plan. The Administrator shall have full power and authority to construe and interpret this Plan and any interpretation by the Administrator shall be accorded the maximum deference permitted by law.

10. General.

- (a) Unless otherwise specifically agreed in writing by the Administrator, each Participant shall, as a condition of participation in this Plan, be deemed to have waived participation in, and any right to any payment under, any other annual bonus plan established by the Company or its subsidiaries for the 2009 calendar year.
- (b) All rights and interests of Participants under this Plan shall be non-assignable and nontransferable, and otherwise not subject to pledge or encumbrance, whether voluntary or involuntary, other than by will or by the laws of descent and distribution. In the event of any sale, transfer or other disposition of all or substantially all of the Company's assets or business, whether by merger, stock sale, consolidation or otherwise, the Company may assign this Plan.
- (c) Payment of amounts due under the Plan shall be provided to Participant in the same manner (i.e., by direct deposit or by internal mail delivery) as Participant receives his or her regular paycheck or by mail at the last known address of Participant in the possession of the Company, at the discretion of Administrator. The Company will deduct federal, state and local taxes and any other withholdings required to be withheld with respect to the payment of any award pursuant to this Plan.
- (d) The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to ensure the payment of any award provided for hereunder.
- (e) The Company, in its sole discretion and with the approval of the Creditors' Committee, shall have the right to modify, supplement, suspend or terminate this Plan at any time; provided, however, that any modification, supplementation, suspension or termination which would have a material adverse effect on a Participant shall not be effective without the consent of such Participant.
- (f) Nothing contained in this Plan shall in any way affect the right and power of the Company to discharge any Participant or otherwise terminate his employment at any time with or without cause or to change the terms of his employment in any way. Without limiting the generality of the foregoing, nothing in this Section 10(f) shall adversely affect any rights that a Participant may otherwise have under an employment agreement with the Company.

- (g) Except as otherwise provided under this Plan, any expense incurred in administering this Plan shall be borne by the Company.
- (h) Captions preceding the Sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.
- (i) The Company may amend, modify or terminate this Plan at any time; provided that no such action may adversely affect the rights of a Participant with respect to any Performance Period that ended on or before such action or that is in progress at the time of such action without such Participant's written consent. Subject to the foregoing, the Plan shall terminate upon the satisfaction of all obligations of the Company or its successor entities hereunder.
- (j) In the event of any inconsistency between the terms of this Plan and the terms of a Participant's employment agreement, the terms of this Plan shall govern with respect to such Participant.
- (k) The administration of the Plan shall be governed by the laws of the State of Delaware, without regard to the conflict of law principles of any state. Any persons or corporations who now are or shall subsequently become parties to the Plan shall be deemed to consent to this provision.

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SCHEDULE A

This Schedule A is part of, and subject to, the Muzak Holdings LLC Key Employee Incentive Plan. A Participant shall be eligible to earn the Threshold Bonus or Target Bonus only if the Administrator certifies that the Company's Consolidated EBITDAR for the applicable Performance Period exceeds the applicable Consolidated EBITDAR Target set forth above.

PERFORMANCE PERIOD ENDING DECEMBER 31, 2009

<u>NAME</u>	<u>THRESHOLD BONUS³</u>	<u>TARGET BONUS⁴</u>
Stephen Villa	\$310,969.83	\$725,596.27
Michael Zendan	\$129,298.58	\$301,703.26
Thomas Gantert	\$128,277.52	\$299,307.64
Robert Haynes	\$90,755.24	\$211,762.23
Robert Finigan	\$55,531.74	\$129,574.05
Alex Brenner	\$35,167.09	\$82,056.55
CONSOLIDATED EBITDAR TARGET	\$47,504,000.00 ⁵	\$59,379,000.00 ⁶

³ NTD - 42.9% target

⁴ NTD - 100%

⁵ NTD - 80% of target

⁶ NTD - 100%